

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE
AND THE REGULAR MEETING OF THE COMMISSIONERS
HELD ON NOVEMBER 12, 2003

Pursuant to the call of the Chairman and notice duly given, the meeting of the Committee of the Whole and the regular meeting of the Commissioners of the Virginia Housing Development Authority were held on November 12, 2003, at the Norfolk Waterside Marriott, 235 East Main Street, Norfolk, Virginia.

COMMISSIONERS PRESENT:

Charles L. Krum, Jr., Chairman
Jay Fisette, Vice Chairman
Joan D. Gifford
Terri M. Ceaser
Jody M. Wagner
William C. Shelton
Douglas R. Fahl
John P. McCann
Edward L. McCoy
J. Cheryl J. Avery-Hargrove
Jack Loeb, Jr.

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Donald L. Ritenour, Managing Director of Development
Thomas A. Dolce, Managing Director of Servicing and Compliance
Arthur N. Bowen, Managing Director of Finance and Administration
Ronald A. Reger, Managing Director of Information Services
Tammy N. Taylor, Managing Director of Human Resources
Russ E. Wyatt, General Auditor
Brenda K. Goodman, Managing Director of Public Policy
J. Judson McKellar, Jr., General Counsel
Tammy A. Tyler, Strategic Development Leader
John F. Hastings, Director of Multi-Family Development Programs
Michele G. Watson, Director of Homeownership Programs
James M. Chandler, Director of Low Income Housing Tax Credit Programs
Brenda Brophy, Development Officer Manager
Paul M. Brennan, Senior Counsel
Llewellyn C. Anderson, Business Liaison
Basil Gooden, Department of Housing and Community Development

The meeting of the Committee of the Whole was called to order at 8:42 a.m. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting of the Committee.

Ms. Dewey and Mr. Gooden reviewed the agenda and schedule for the Governor's Housing Conference. Ms. Dewey then presented a report on the Authority's organizational performance for the first quarter of fiscal year 2003-2004, including the status of performance in the following areas: loan production and servicing; outreach to minorities and new immigrants; revitalization efforts; service to special needs populations; legislative matters; and internal operations.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 10:00 a.m.

The regular meeting of the Board of Commissioners was called to order at approximately 11:50 a.m. All of the Commissioners listed above as being present at the meeting were present at that time and remained present throughout the meeting.

No members of the public requested an opportunity to make any comments during the public comment period of the meeting.

Commissioner Gifford moved approval of the minutes of the meeting of the Committee of the Whole and the regular meeting of the Commissioners held on September 23 and 24, 2003. This motion was seconded by Commissioner McCann and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Mr. Bowen presented a report on the Authority's unaudited financial statements for the period beginning July 1, 2003 and ending August 31, 2003.

Chairman Krum reported that the Committee of the Whole had received a report from Ms. Dewey on the Authority's organizational performance for the first quarter of fiscal year 2003-2004.

Commissioner Fahl, on behalf of the Audit/Operations Committee, reported that the Committee had received and considered the following: a report from KPMG LLP on its audit of the Authority's annual financial statements for the fiscal year ending June 30, 2003; a report from Mr. Bowen providing an overview of the fiscal year 2005 budget development process, including plans for repairs and redesign to the Authority's building; and a report from Ms. Taylor on the results of the employee benefits enrollment and on health insurance costs.

Commissioner Gifford, on behalf of the Programs Committee, reported the following: the Committee had received staff reports on homeownership and multi-family loan production and delinquencies; the Committee received a report on a proposed allocation of \$500,000 in the Virginia Housing Fund to the Virginia Assistive Technology Loan Fund Authority for fiscal year 2004-2005 and recommended approval of such allocation; the Committee received a report on the proposed waiver and modification of the Authority's maximum sales prices and income limits for federally designated targeted areas and recommended approval of such waiver and

modification; and the Committee received a report on the Authority's proposed Federal Low-Income Housing Tax Credit Qualified Allocation Plan for calendar year 2004 and recommended approval of such Plan, as modified by revising 3(h) in 13 VAC 10-180-60 to state as follows: "Beginning January 1, 2005, any development located within ½ mile of a commuter rail, light rail or subway station or ¼ mile of one or more public bus lines or other public transportation usable by development occupants (10 points)." Commissioner Gifford then moved approval of the allocation of \$500,000 to the Virginia Assistive Technology Loan Fund Authority for fiscal year 2004-2005 on the terms and conditions described in the attached memorandum dated November 3, 2003. This motion was seconded by Commissioner McCann and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Gifford next moved approval of the proposed waiver and modification of the Authority's maximum sales prices and income limits for federally designated targeted areas as described in the memorandum dated November 3, 2003 attached hereto. This motion was seconded by Commissioner McCann and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Gifford then moved approval of the resolution entitled "Resolution Amending and Restating the Plan of the Virginia Housing Development Authority for the Allocation of Low-Income Housing Tax Credits Including Rules and Regulations" dated November 12, 2003, in the form attached hereto, as modified by revising 3(h) in 13 VAC 10-180-60 to state as follows: "Beginning January 1, 2005, any development located within ½ mile of a commuter rail, light rail or subway station or ¼ mile of one or more public bus lines or other public transportation usable by development occupants (10 points)." This motion was seconded by Commissioner McCann and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Ms. Dewey presented her monthly report of operations in which she advised the Commissioners as to the following matters: the election of Ms. Toni Ostrowski, the Authority's Housing Initiatives Officer, as president of the Virginia Mortgage Lenders Association; the Authority's holiday vacation schedule for November and December 2003; and the kick-off of the Housing Virginia campaign to be announced at the Governor's Housing Conference on the following day.

There being no further business, the meeting was adjourned at approximately 12:15 p.m.

Charles L. Krum, Jr., Chairman

J. Judson McKellar, Jr.
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE PROGRAMS COMMITTEE **ON NOVEMBER 12, 2003**

Pursuant to the call of the Committee Chairman and notice duly given, the meeting of the Programs Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on November 12, 2003, at the Norfolk Waterside Marriott, 235 East Main Street, Norfolk, Virginia.

COMMITTEE MEMBERS PRESENT:

Joan D. Gifford, Committee Chairman
Terri M. Ceaser
William C. Shelton
John P. McCann
Jay Fisette
Jack Loeb, Jr.

OTHER COMMISSIONERS PRESENT:

Charles L. Krum, Jr.
Douglas R. Fahl
Jody M. Wagner
Edward L. McCoy
J. Cheryl J. Avery-Hargrove

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Donald L. Ritenour, Managing Director of Development
Thomas A. Dolce, Managing Director of Servicing and Compliance
J. Judson McKellar, Jr., General Counsel
Russ E. Wyatt, General Auditor
Arthur N. Bowen, Managing Director of Finance and Administration
Ronald A. Reger, Managing Director of Information Services
Tammy N. Taylor, Managing Director of Human Resources
Tammy A. Tyler, Strategic Development Leader
Brenda K. Goodman, Managing Director of Public Policy
John F. Hastings, Director of Multi-Family Development Programs
Michele G. Watson, Director of Homeownership Programs
James M. Chandler, Director of Low Income Housing Tax Credit Programs
Llewellyn C. Anderson, Business Liaison

OTHERS PRESENT, continued

Paul M. Brennan, Senior Counsel
Brenda Brophy, Development Officer Manager
Valerie Rhodes, Multifamily Specialist

The meeting of the Committee was called to order by Committee Chairman Gifford at approximately 10:08 a.m. All of the members of the Committee listed above as being present at the meeting were present at that time and remained present throughout the meeting. Commissioners Krum, Fahl, Wagner, McCoy, and Avery-Hargrove joined the meeting in progress as noted below and thereafter remained present during the meeting.

Commissioner Shelton moved approval of the minutes of the meeting of the Committee held on September 24, 2003. This motion was seconded by Commissioner Ceaser and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Ritenour presented reports on single family and multi-family loan production, and Mr. Dolce reported on single family and multi-family loan delinquencies.

Mr. Ritenour presented a memorandum requesting approval of an allocation of \$500,000 from the Virginia Housing Fund to the Virginia Assistive Technology Loan Fund Authority for fiscal year 2005. Commissioner McCann moved that the Committee recommend approval of such allocation of funds. The motion was seconded by Commissioner Fisette and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Ritenour next presented a memorandum recommending approval of a waiver and modification of the Authority's maximum sales prices and income limits that will increase such maximum sales prices and income limits in federally designated targeted areas. Commissioner Fisette moved that the Committee recommend approval of such waiver and modification. The motion was seconded by Commissioner McCann and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Ms. Watson presented a report on the Authority's manufactured housing program guidelines.

Mr. Chandler presented a report on the Authority's proposed Federal Low-Income Housing Tax Credit Qualified Allocation Plan for calendar year 2004 and recommended approval of such Plan. During this report, Commissioners Krum, Fahl, Wagner, McCoy, and Avery-Hargrove joined the meeting. Following a discussion of such Plan, Commissioner McCann moved that the Committee recommend approval of the resolution entitled "Resolution Amending and Restating the Plan of the Virginia Housing Development Authority for the Allocation of Low-Income Housing Tax Credits Including Rules and Regulations," dated

November 12, 2003, as modified by revising 3(h) in 13 VAC 10-180-60 to state the following: "Beginning January 1, 2005, any development located within ½ mile of a commuter rail, light rail or subway station or ¼ mile of one or more public bus lines or other public transportation usable by development occupants (10 points)." This motion was seconded by Commissioner Shelton and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

There being no further business, the meeting was adjourned at approximately 11:40 a.m.

Minutes of the Meeting of the Audit/Operations Committee Held on November 12, 2003

The meeting of the Audit/Operations Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on November 12, 2003 at the Norfolk Waterside Marriott Hotel, 235 East Main Street, Norfolk, Virginia 23510.

Committee Members Present	Douglas Fahl, Chairman Charles Krum J. Cheryl J. Avery-Hargrove, Esquire Edward McCoy, Jr. Jodie Wagner
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Others Present	Art Bowen, Managing Director of Finance & Administration Ron A. Reger, Managing Director of Information Services Tammy N. Taylor, Managing Director of Human Resources Russ Wyatt, General Auditor Michelle Edmonds, Administrative Assistant Robert Best, KPMG Rob Churchman, KPMG
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Meeting Called to Order	The meeting was called to order at 10:10 a.m. All of the members of the Committee noted above as being present at the meeting were present at that time and remained present throughout the meeting.
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Approval of Minutes	Commissioner Hargrove moved approval of the minutes of the meeting of the Audit/Operations Committee held on September 24, 2003. Commissioner Krum seconded this motion. This motion was approved by the affirmative vote of each of the Commissioners then present at the meeting.
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KPMG Presentation	Robert Best and Rob Churchman of KPMG, VHDA's external auditors, reported the results of their recently completed audit of VHDA's financial statements for the fiscal year ending June 30, 2003. The reports presented by KPMG included their management letter and single audit report, which indicated that they noted no matters involving internal control and its operation that were considered to be material weaknesses.
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Overview of FY 2005 Budget Development Process	Art Bowen presented to the Committee the process for development of the FY 2005 budget. The process will begin in January, 2004. The goal for the FY 2005 budget is to present a proposed budget to the Board in May 2004 with final adoption occurring in July 2004. There are three major items the Board will discuss in
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Overview of FY 2005 Budget Development Process (cont'd)	January and March (detailed budget calendar, strategic plan and compensation). The strategic plan and compensation are the two major drivers of the budget. The Board will be asked to approve the FY 2005 strategic plan at the March Board meeting. Commissioner Krum noted that it would be beneficial for Board members to have proposed budget information well in advance of the meetings to review. Between the May and July meetings, the Board will have the opportunity to review the proposed budget and note any concerns. A new topic for budget discussion this year is the modernization of the building which is approaching 15 years old. Art reported that the building should have sufficient space to meet staffing needs for another ten years but will need to look at carpeting and our cabling infrastructure.
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Results of 2004 Benefits Enrollment	<p>Tammy Taylor reported on the 2004 benefits enrollment. Anthem's projected rate increase of 20% medical and 10% dental was adjusted down to 4.3% and 4.5% respectively. This was based on the Authority's healthy profile and vendor cost adjustments of the two HMO plans. The 2004 rates will provide a projected net savings from January – June 2004 of approximately \$227,000.</p> <p>VHDA also took the following steps:</p> <ol style="list-style-type: none">1. Ensured that all healthcare products were appropriately and accurately priced;2. Ensured a clear delineation of who bears what cost (employee vs. employer),3. Adjusted the cost sharing structure to encourage migration to the lower cost HMO plan; and4. Provided more flexibility and cost savings by allowing medical and dental to be purchased separately. <p>Tammy also reported that most associates indicated a preference of Anthem's Keycare plan which enables associates to have the flexibility of choosing their own physicians. A separate vision care plan is also offered to associates at no cost to the Authority. Tammy will provide a more in-depth overview of next steps at the January Audit/Operations meeting.</p>
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Adjournment	There being no further business, Chairman Fahl adjourned the meeting at 11:35 a.m.
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Arthur N. Bowen, III
Managing Director of Finance &
Administration

Douglas R. Fahl
Chairman